

CAMAC AUDIT COMMITTEE CHARTER

PREAMBLE

The Convenor as Chief Executive of the Corporations and Markets Advisory Committee (CAMAC) has established the Audit Committee in compliance with section 46 of the *Financial Management and Accountability Act 1997* (FMA Act).

This charter sets out the Audit Committee's objective, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

OBJECTIVE

1. The objective of the Audit Committee is to provide independent assurance and assistance to CAMAC on its risk, control and compliance framework, and its external accountability responsibilities.

MEMBERSHIP

2. The Convenor shall from time to time appoint at least two of CAMAC's members (other than the Convenor) to serve on the Audit Committee.

3. The term of an Audit Committee member shall end on the earlier of:

- (a) the day on which the member resigns from the Audit Committee, or
- (b) a day specified by the Convenor in relation to that member, or
- (c) the day on which the Convenor terminates that member's membership of the Audit Committee, or
- (d) the day on which that member ceases for any reason to be a member of CAMAC.

4. At least half the members shall have experience in financial or management reporting.

5. The Convenor shall appoint the Audit Committee's chair and may at any time replace the chair.

6. A quorum will consist of two members.

AUTHORITY

7. Within the limits of this Charter, the Audit Committee may make determinations about matters for which it is responsible.

8. The Audit Committee can require CAMAC staff to attend meetings and/or to provide advice or information.

9. The Audit Committee has a right of access to CAMAC's financial documents and records.

10. The Audit Committee, with the prior approval of the Convenor, shall have the right to obtain legal or other specialist advice at CAMAC's expense.

11. Members of the Audit Committee, with the prior approval of the Convenor, may at CAMAC's expense undertake training relating to issues specific to the operations of CAMAC.

RESPONSIBILITIES

12. The responsibilities of the Audit Committee are:

Generally

- (a) to advise the Convenor on the preparation and review of CAMAC financial statements
- (b) to approve internal annual and strategic audit plans of CAMAC
- (c) to review audit reports involving any matters of concern to senior management of CAMAC, including the identification and dissemination of good practices
- (d) to advise the Convenor on action to be taken on any matters of concern raised in a report of the internal auditors or in a report of the Auditor-General concerning CAMAC
- (e) as far as practicable, to coordination of audit programs conducted by internal auditors and the programs conducted by the Auditor-General
- (f) to review CAMAC's financial statements for compliance with statutory requirements, applicable accounting standards and any guidelines affecting financial reporting
- (g) to assess whether the resources devoted to the accounting function (including training, succession planning and liaison with the Australian Securities and Investments Commission) are adequate to ensure that reporting arrangements are of high quality, and to advise CAMAC of any identified shortcomings
- (h) to ensure that periodic assessments are undertaken of any financial risks faced by CAMAC in the course of its operating activities, and to review and agree on the arrangements undertaken to manage or mitigate those risks
- (i) to consider and review the adequacy of internal controls, having regard to risks
- (j) to consider, periodically review and approve schedules of delegations to CAMAC staff
- (k) to permit any CAMAC staff member to raise with the Audit Committee any issues of concern relating to:

- the management of CAMAC's physical and financial resources, or
 - the accuracy or sufficiency of financial information being provided to CAMAC, or to sub-committees of CAMAC
- (l) to provide a statement in CAMAC's annual report describing the Audit Committee's objectives and responsibilities, and how it has discharged those responsibilities during the past financial year

Related party transactions and staff expenditure

- (m) to consider and, if thought appropriate, pre-approve any proposed related party transactions, other than related party transactions involving the Australian Securities and Investments Commission
- (n) to review the adequacy of internal controls relating to travel and entertainment by CAMAC staff

Responsibilities in relation to independent external audit

- (o) to propose to CAMAC the terms of any contractual engagement with the external auditor, over and above statutory requirements
- (p) in consultation with CAMAC staff, to review the audit plan proposed by the external auditor in the engagement letter, and suggest any potential improvements or changes in coverage
- (q) if considered appropriate, to pre-approve any arrangements for the provision by the external auditor of non-audit services that will not threaten the independence of that auditor
- (r) to review each year audit fees and the terms of the external audit engagement
- (s) if considered appropriate, to seek the external auditor's assessment of the quality and coverage of any internal audit work
- (t) to discuss any matters with the external auditor
- (u) to receive the report of the external auditor on an annual basis and, if considered necessary, to question the auditor about the adequacy of that report

Responsibilities in relation to internal reporting

- (v) to consider the completeness and quality of financial and operational information being provided to CAMAC, and to suggest any ways in which those reports might be improved

Responsibilities in relation to internal audit

(w) to:

- review and agree on the appointment, replacement, re-assignment or dismissal of the internal auditor, whenever the Audit Committee determines that an internal audit should be conducted
- review the organization and quality of internal audit arrangements and recommend alternative arrangements where desirable
- review with the external auditor the co-ordination of external or internal audit efforts to ensure the efficient and effective use of audit resources

(x) to discuss any matters with the internal auditor

Responsibilities in relation to external reporting

- (y) to review and assess accounting policies and practices adopted in relation to the preparation of CAMAC's financial statements
- (z) to review the draft financial statements, prior to their signing, for inclusion in the Annual Report

Responsibilities in relation to risk management

- (za) to review the approach of CAMAC staff to the management of risks (including, if relevant, economic dependency, the adequacy of insurance arrangements, business continuity planning, and exposures to movements in interest rates)
- (zb) to assess whether audit plans developed by the external auditor and any internal auditor are consistent with the financial and operating risks facing CAMAC.

PROCEDURES***Attendance***

13. All members of CAMAC, whether or not they are members of the Audit Committee, may attend meetings of the Audit Committee.

14. The Executive Director (who is a CAMAC staff member) and the external auditor may attend all meetings of the Audit Committee (though members may request that these invitees not be present during the consideration of particular agenda items).

Meetings

15. The Audit Committee shall meet at least three times a year, on the same day as meetings of CAMAC or such other days as Audit Committee members consider necessary in the circumstances.

16. Meetings may be called by any member of the Audit Committee, or at the request of CAMAC or the Convenor.

17. The chair shall be responsible for settling the agenda for Audit Committee meetings.

17A. The Audit Committee may hold meetings by electronic means, as well as by attendance in person at a single location.

Secretarial services and minutes

18. CAMAC staff shall be responsible for:

- (a) circulating the agenda and any supporting documentation to Audit Committee members prior to each meeting
- (b) preparing draft minutes of Audit Committee meetings, and circulating those draft minutes to Audit Committee members for their approval
- (c) maintaining registers
- (d) providing to Audit Committee members reports from the external auditor and any internal auditor.

Reporting relationships with the external auditor

19. The external auditor normally shall communicate directly with the Audit Committee. This clause shall not be taken to deny the right of the external auditor to communicate with CAMAC and CAMAC staff.

20. The Audit Committee shall be provided with engagement letters, management letters or other reports from the external auditor at the same time as they are provided to CAMAC staff (but, other than in exceptional circumstances, shall not pursue enquiries until CAMAC staff members have had an opportunity to respond to the draft letters or reports).

21. The chair of the Audit Committee shall provide opportunities for the external auditor to meet with the Audit Committee without members of the CAMAC staff being present.

Reporting relationships with any internal auditor

22. The Audit Committee is the 'client' of any internal auditor (save where the Audit Committee has agreed with CAMAC staff that certain projects be undertaken for the assistance of CAMAC staff). Final reports shall be addressed to the Audit Committee.

23. The internal auditor normally shall communicate directly with the Audit Committee. This clause shall not be taken to deny the right of the internal auditor to communicate with CAMAC and CAMAC staff.

24. The Audit Committee shall be provided with draft engagement letters, management letters or other reports from the internal auditor at the same time as they are provided to CAMAC staff (but, other than in exceptional circumstances, shall not

pursue enquiries until CAMAC staff members have had an opportunity to respond to the draft letters or reports).

25. The chair of the Audit Committee shall provide opportunities for any internal auditor to meet with the Audit Committee without CAMAC staff members being present.

Reporting to the Convenor

26. The Convenor shall be provided with minutes of Audit Committee meetings, such minutes to describe any major actions undertaken by the Audit Committee or any recommendations to the Convenor or to CAMAC staff.

Confidential communications from CAMAC staff members

27. Any CAMAC staff member may communicate confidentially in writing with the chair of the Audit Committee about any potential fraud or misappropriation, weaknesses in internal controls, or the adequacy or accuracy of financial information being provided within CAMAC staff or to the Convenor.

Maintenance of registers

28. CAMAC staff shall maintain a register of recommendations made by the external and any internal auditors. The register shall record a summary of responses by CAMAC staff to those recommendations, and whether the recommendations were adopted, implemented, or rejected.

29. CAMAC staff shall provide to the Audit Committee at each meeting a summary of any new material that has been included in the register referred to in clause 28 since the previous Audit Committee meeting and the responses of CAMAC staff to any recommendations in that material and to any other recommendations that have yet to be resolved.

30. The chair of the Audit Committee shall maintain a register of any confidential employee communications, and how they were dealt with.

Review of delegations

31. CAMAC staff shall provide to the Audit Committee, on request, schedules of delegations.

Review of Audit Committee performance

32. The Audit Committee shall review its performance annually, with particular attention being paid to the extent to which it has met its responsibilities in terms of this Charter.

Review of the Charter

33. This Charter may be reviewed at any time by the Audit Committee or the Convenor and may be amended at any time by the Convenor.

Publication of the Charter

34. This Charter shall be published on the CAMAC Website.